

ASSOCIATION OF SAFETY-NET COMMUNITY HOSPITALS

comments regarding

Draft “Path to Transformation” 1115 Waiver for Illinois Medicaid

January 22, 2014

The Association of Safety-net Community Hospitals (“ANSCH”) submits the following comments to the draft “Path to Transformation” 1115 Waiver for Illinois Medicaid (the “Draft Waiver”).

On November 25, 2013, ANSCH filed comments regarding the “Concept Paper for an 1115 Waiver for Illinois Medicaid.” Within those comments, we discuss the need to preserve the existing hospital assessment as well as future options:

While we applaud efforts to find additional resources dedicated to preserving the “safety-net”, it is more important to avoid disruption to existing financing vehicles. At all cost, the hospital assessment program should be maintained and efforts to maximize UPL through additional enhancements to the assessment should be pursued. However, there is a current tension between the proposed shift to managed care and preservation of the assessment and the UPL. To that end, the waiver should ask for an exception to the rule that requires a reduction in the UPL for payments made by managed care entities. At the state level, the sunset of the current assessment should be eliminated. With these changes, there is no need to propose new, untested funding alternatives. Further, we believe that subsequent enhancements to the hospital assessment can be used as the vehicle to create leveraged, capital funding.

Accordingly, we are concerned with the description of the “Hospital Access Assurance Program” set forth in the Draft Waiver for the following reasons:

1. There is no specific mention of the current hospital assessments. There are “catch phrases” such as “will help preserve the safety net system and provide financial stability as hospitals implement transformative reforms under the waiver” and “Under the program, any losses in historical Medicaid UPL supplemental hospital payments would be converted to the Access Assurance Pool”. However, it is not clear if and when the Draft Waiver is addressing the concerns we have raised regarding the hospital assessment.
2. If there is truly to be “assurances” we need assurance that there will be no impairment in our current funding, both in amount and in timely payment.
3. There is no indication whether the Access Assurance Pool is to be comprised of static or variable payments. If they are to be static, why discuss alternatives to the current hospital assessment? If, as we suspect, they are to be variable, the current rate reform exercise demonstrates that it will be impossible to protect our revenue streams. Accordingly, language needs to be added addressing “hold harmless” guarantees for safety-net hospitals.
4. The statements in the Draft Waiver are exceedingly vague. What does it mean when it says, “The Access Assurance Program will help to ensure access to care for critical hospital services provided to the State’s most vulnerable populations as the state moves forward with its planned expansion of Medicaid under managed care”? We need specifics that will allow an exacting determination to be made as to whether or not the hospital assessment will be preserved.

Since we have suggested that the language in the Draft Waiver is vague, we wish to be very clear in stating that we do not support the Hospital Access Assurance Program. As stated in our earlier comments, “the waiver should ask for an exception to the rule that requires a reduction in the UPL for payments made to managed care companies”. This change will avoid the threat to the assessment that could occur if and when the UPL is impaired.

If, however, the state proposes to create new, enhanced funding mechanisms to maximize current UPL room, we are supportive of those efforts, whether they be through an access assurance program or other vehicle designed to “help preserve the safety net system and provide financial stability as hospitals implement transformative reforms under the waiver”. To that end, we are available to meet to discuss ways to maximize current UPL room.

Thank you for your consideration of our comments. Any questions or requests for additional information should be forwarded to our Chairman, Mark Newton. Address: Swedish Covenant Hospital, 5145 N. California, Chicago, 60625 Email: MNewton@schosp.org